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Real Estate Economists, Appraisers and Counselors

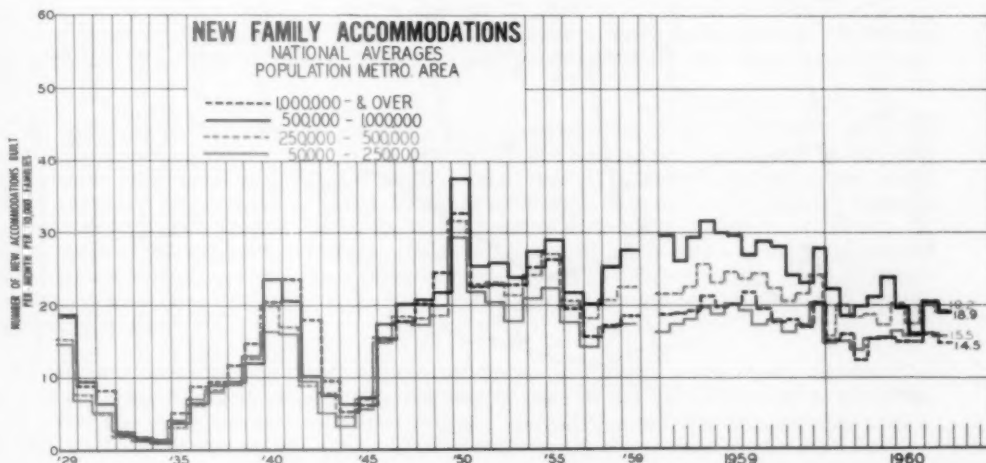
MUMBO JUMBO

COMMENTING on statisticians and their forecasts, M. J. Moroney, a British statistician, compared them with the court forecasters of the Middle Ages, and wrote, "Whereas astrology at least encouraged men to look at the beauty of the heavens and be glad, this later mumbo jumbo encourages men to look at themselves and be miserable."

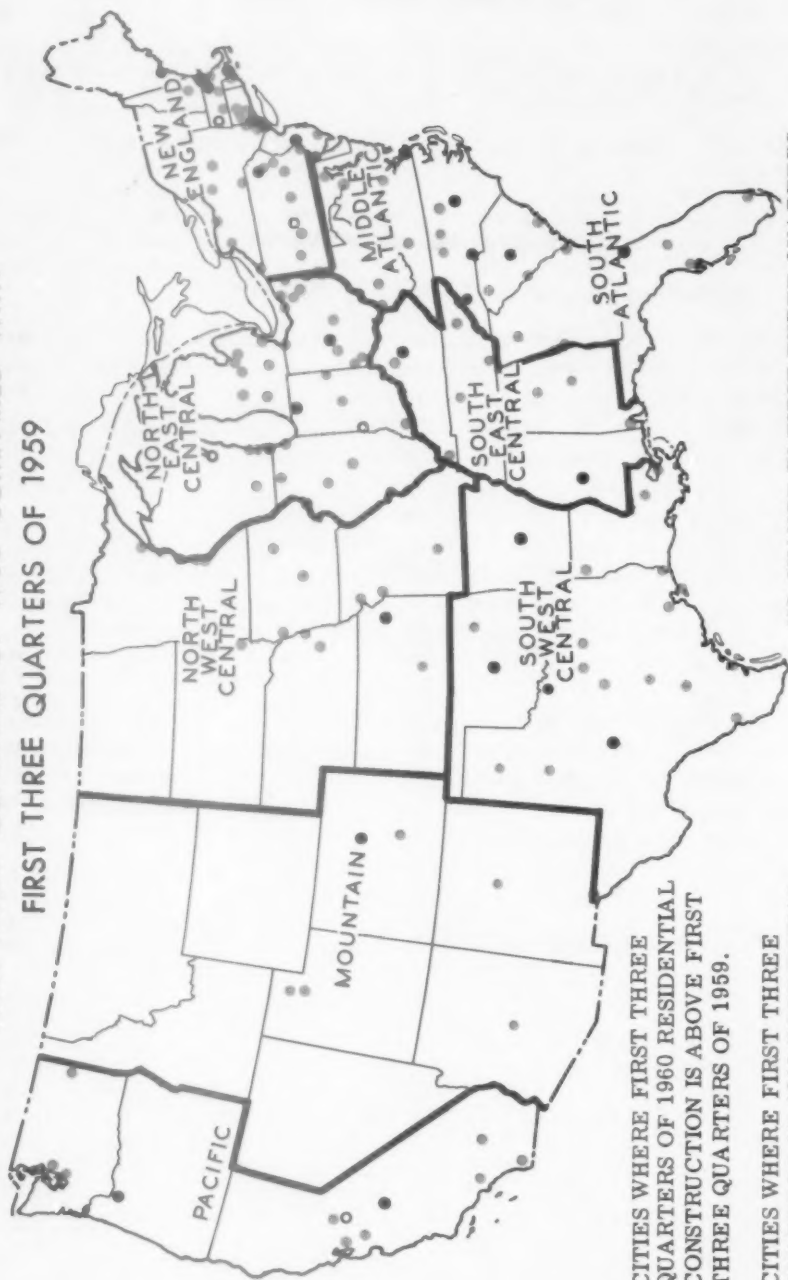
These are times when statisticians feel the jabs of Mr. Moroney. At the moment none of the figures on the number of new family accommodations being built look encouraging. Government statistics show total privately built housing starts to be 18 percent fewer during 1960 than they were during 1959. Few encouraging words can be said about the state of consumer confidence and the vacancy situation.

In spite of the fact that 142 areas out of 177 surveyed showed declines in the number of new family accommodations during the first three quarters of 1960 compared with the same period of 1959, there is a note of cheer and encouragement. Not all areas have been worse off. Perhaps yours was one of the thirty cities showing an increase in the number of new family accommoda-

(cont. on page 64)



CHANGES IN REPORTED VOLUME OF RESIDENTIAL CONSTRUCTION FIRST THREE QUARTERS OF 1960 COMPARED WITH FIRST THREE QUARTERS OF 1959



• CITIES WHERE FIRST THREE
QUARTERS OF 1960 RESIDENTIAL
CONSTRUCTION IS ABOVE FIRST
THREE QUARTERS OF 1959.

○ CITIES WHERE FIRST THREE
QUARTERS OF 1960 RESIDENTIAL
CONSTRUCTION IS BELOW FIRST
THREE QUARTERS OF 1959.

○ NO CHANGE IN FIRST THREE QUARTERS
OF 1960 FROM FIRST THREE QUARTERS
OF 1959.

EXPLANATION OF CHARTS

RESIDENTIAL building in all metropolitan areas of the United States as defined by the 1950 Census is charted on the following pages. The 168 areas include all areas in which the central city had a 1950 population of more than 50,000.

In each city all suburbs, incorporated and unincorporated areas, have been contacted and every effort has been made to make this report as complete as possible. In most cities it has been possible to include practically all of the suburbs within the metropolitan area. For example, the New York City and Northeastern New Jersey area figures include the building in 326 suburban communities; the Chicago area includes building in 174 suburban communities; Philadelphia, 198; Detroit, 110; Los Angeles, 61; and Cleveland, 65. In all, more than 2,300 communities are represented in these charts.

On the charts the figures are expressed as the number of new family units started per 10,000 families in each metropolitan area as indicated by building permits. In nonpermit-issuing areas, we requested the tax clerk to report to us the number of dwelling units added to the tax roll each month. In this computation, a single-family dwelling counts 1, a 2-family dwelling counts 2, and a 24-family apartment counts 24. All public housing and war housing projects have been included, along with buildings that were privately built and financed.

The blue italicized numerals on each chart give the number of new family accommodations built in the last 3 months for which figures are available. These are actual figures and are not adjusted for the number of families. The red italicized numerals give the corresponding figures for the corresponding period of a year ago.

It should be noticed on the individual charts that separate averages (medians) have been used for four groupings of metropolitan areas. The average number of new family accommodations built per month per 10,000 families is shown from 1929 to the present for metropolitan areas having from 50,000 to 250,000 people (the solid red line); for areas having from 250,000 to 500,000 people (the beaded red line); for areas having from 500,000 to 1,000,000 people (the dash-dot line); and for those areas having a population of over 1,000,000 (the dashed red line). Ninety-one areas fall into the first category; 44 into the second; 19 into the third; and 14 into the fourth.

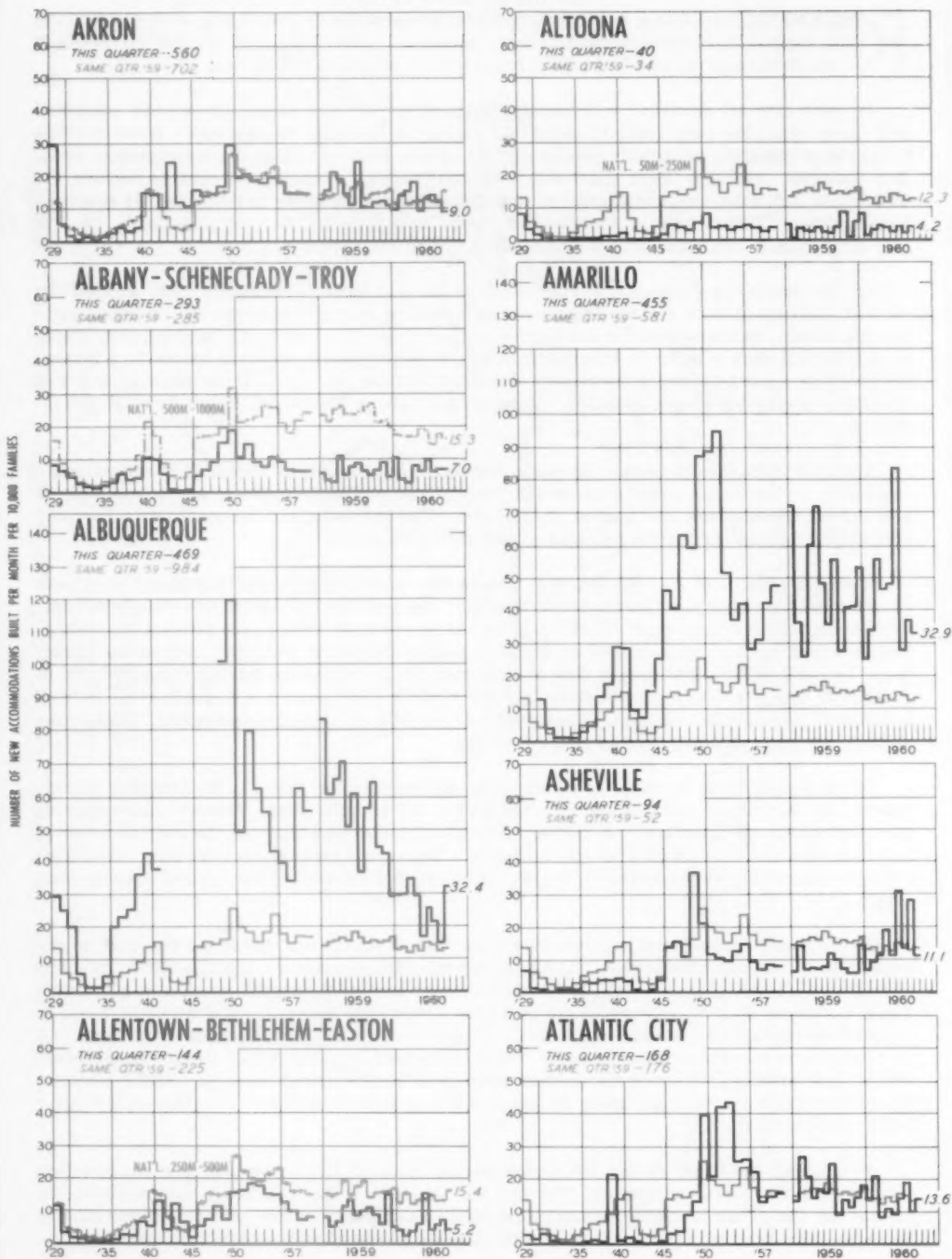
On each area chart is shown in red the national average for areas in its grouping in contrast to the blue line, which shows the figures for the specific area. The averages used on the area charts are medians. A median average is found by arranging the data in order of size and selecting the amount at the midpoint. Because a median average thus eliminates the influence of the two extremes, it gives a very good picture of the typical area in each group.

On the chart on the front page we have also shown national averages for each of the groupings of metropolitan areas: (1) 50,000 to 250,000 population; (2) 250,000 to 500,000 population; (3) 500,000 to 1,000,000 population; and (4) 1,000,000 population and over. These averages should more properly be called arithmetic means. An arithmetic mean is obtained by adding the amounts of all the items and then dividing by the number of items. It will be noticed that the arithmetic mean, being influenced by areas with a greatly accelerated rate of new building, is above the median average of each of the groupings. The arithmetic means are given for each grouping in order that a comparison of new building on a volume basis may be made.

We repeat, the chart on the front page shows the arithmetic mean of the construction rate in the different-sized areas. The red line on each of the individual charts shows the median for the group in which each area belongs, making it possible to compare the rate in one area (blue line) with the average rate of all other areas of comparable size (red line).

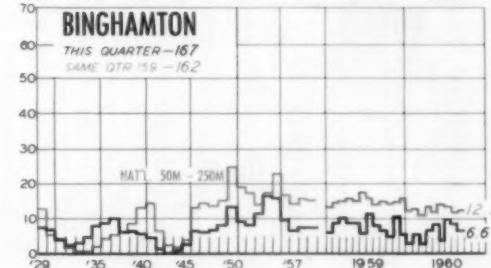
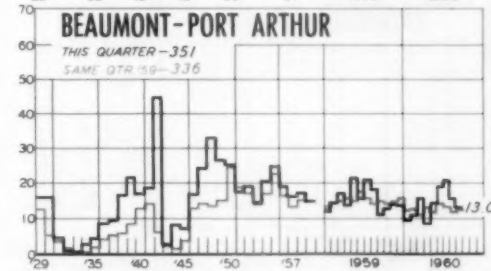
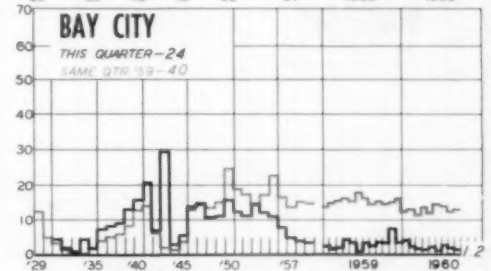
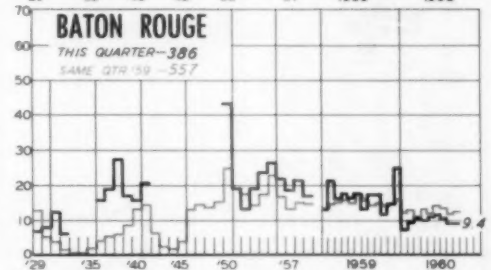
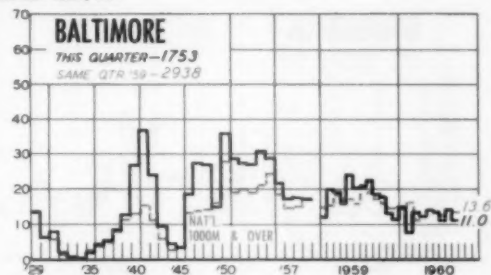
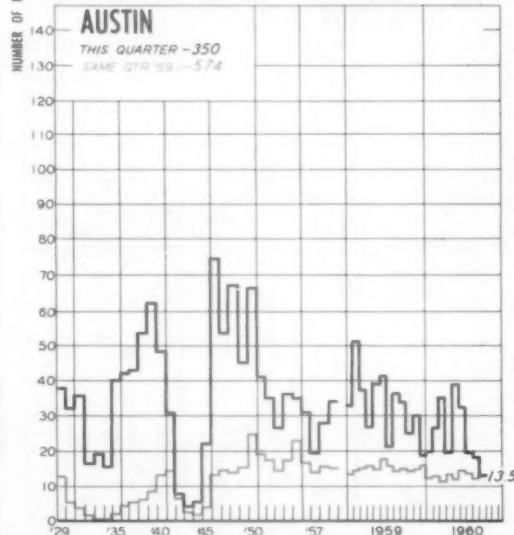
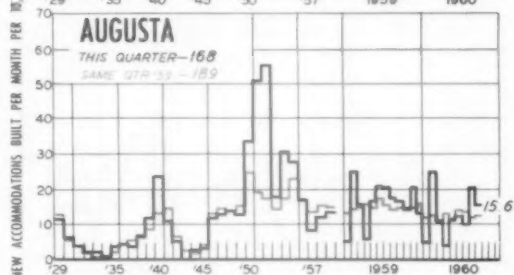
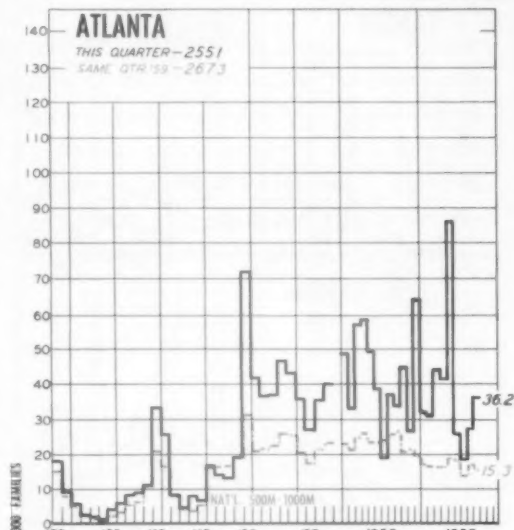
NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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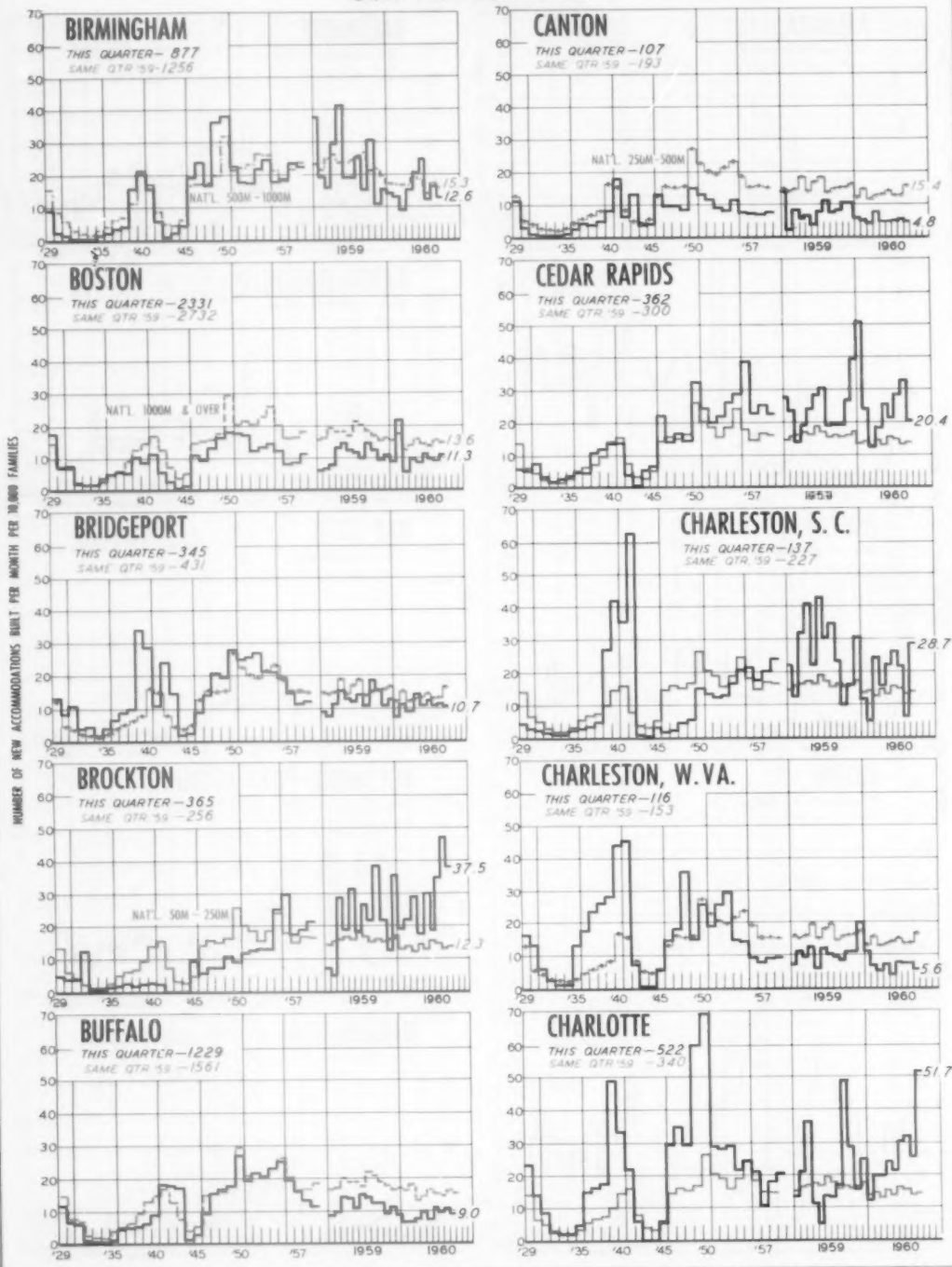
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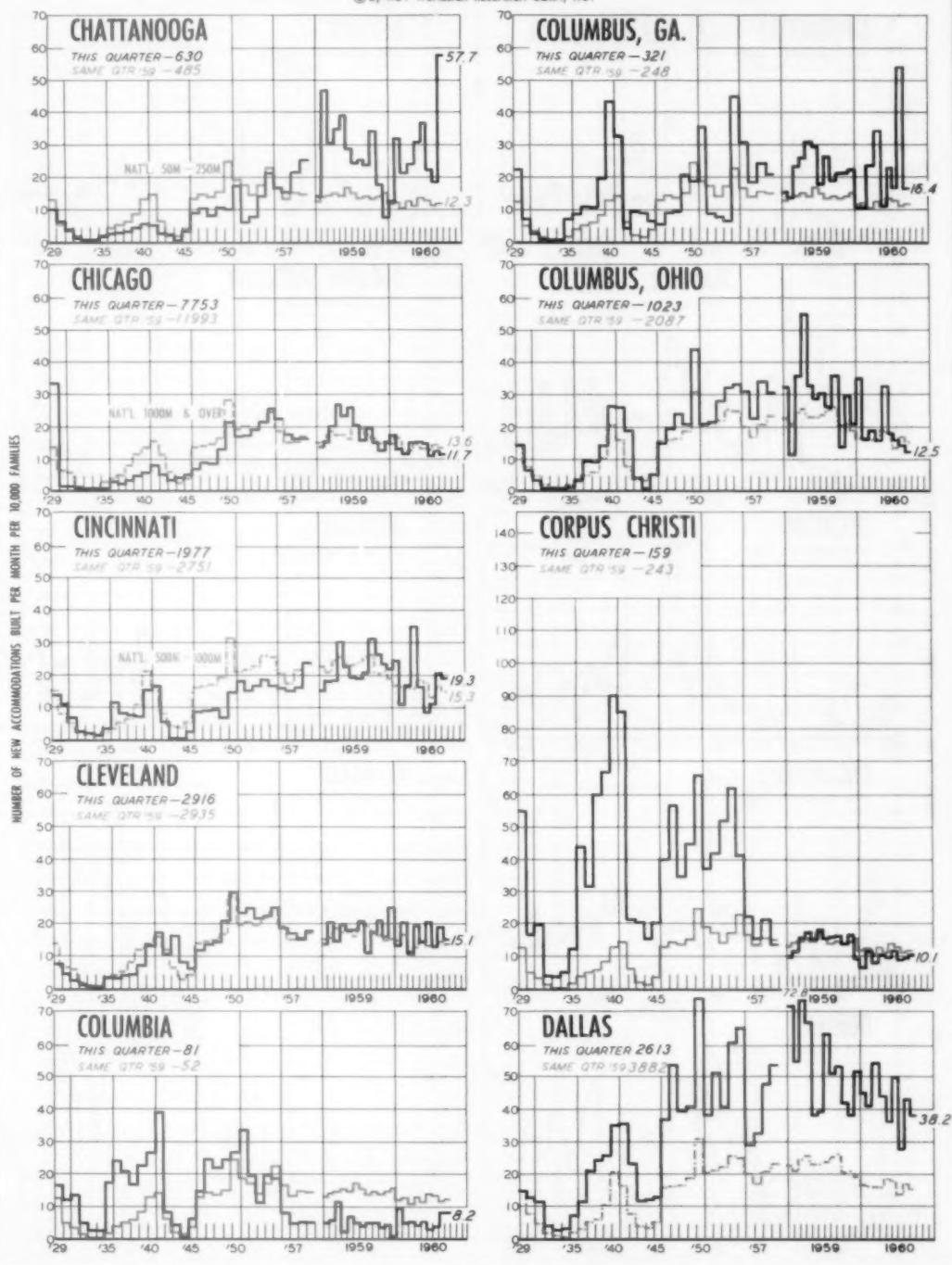
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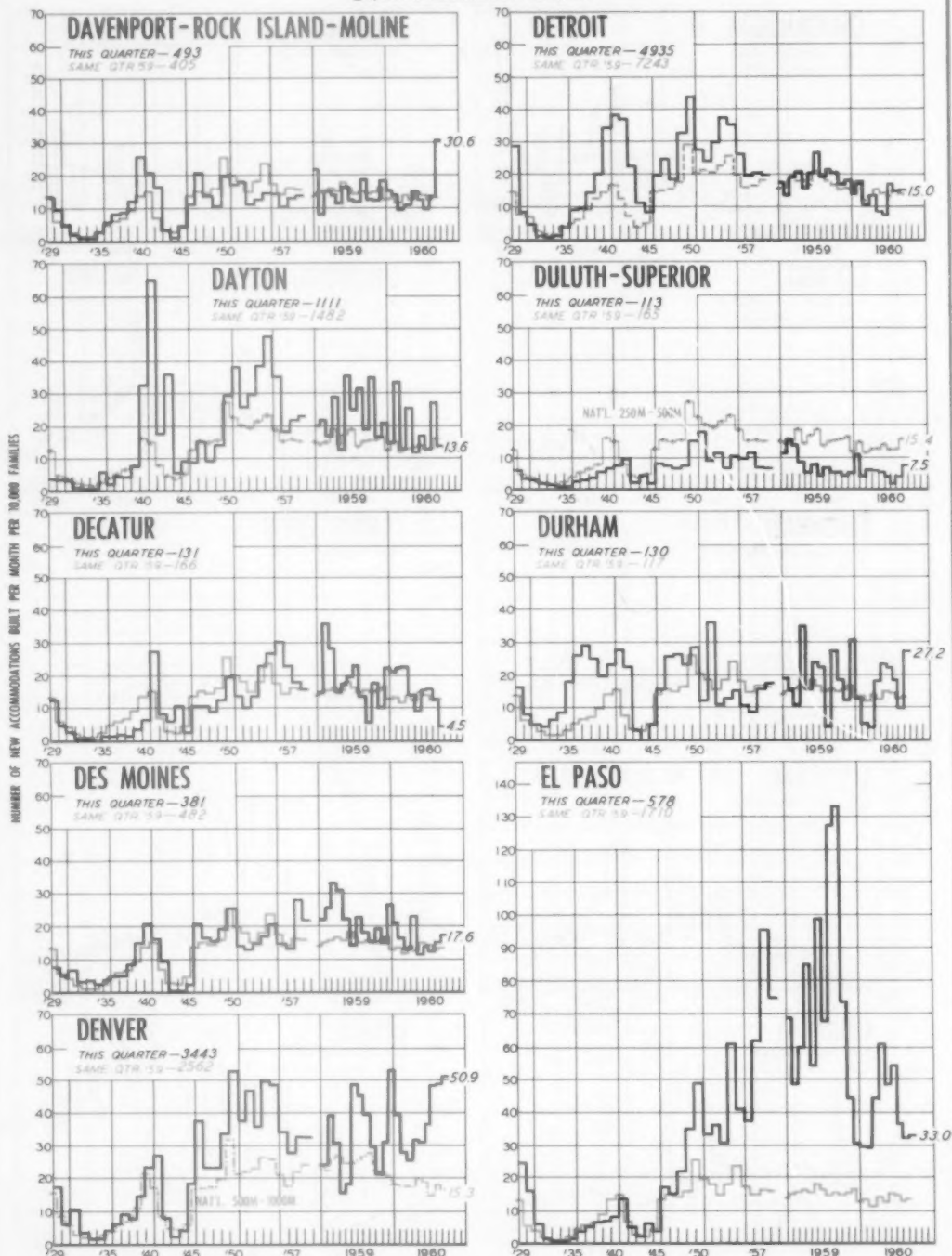
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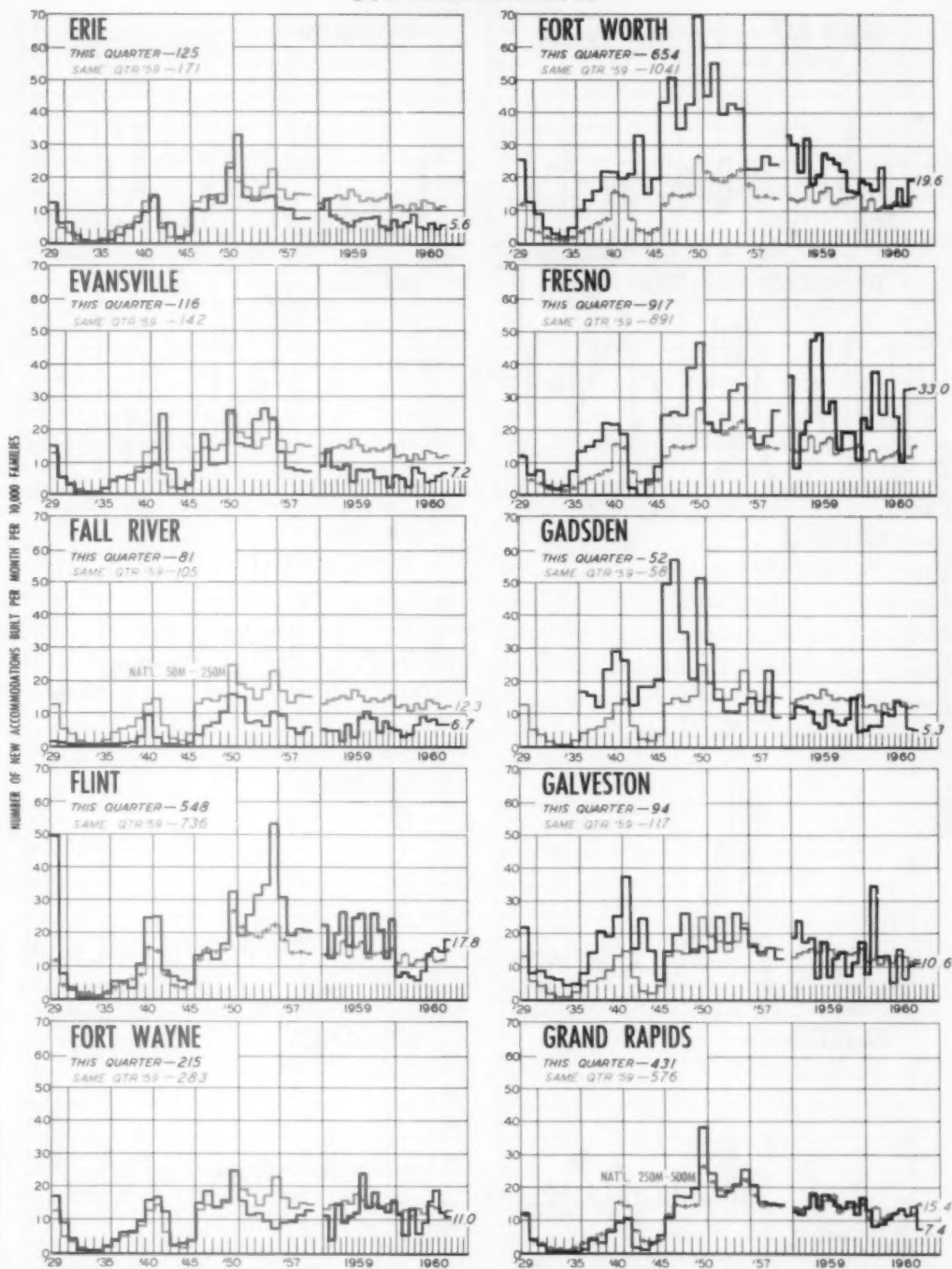
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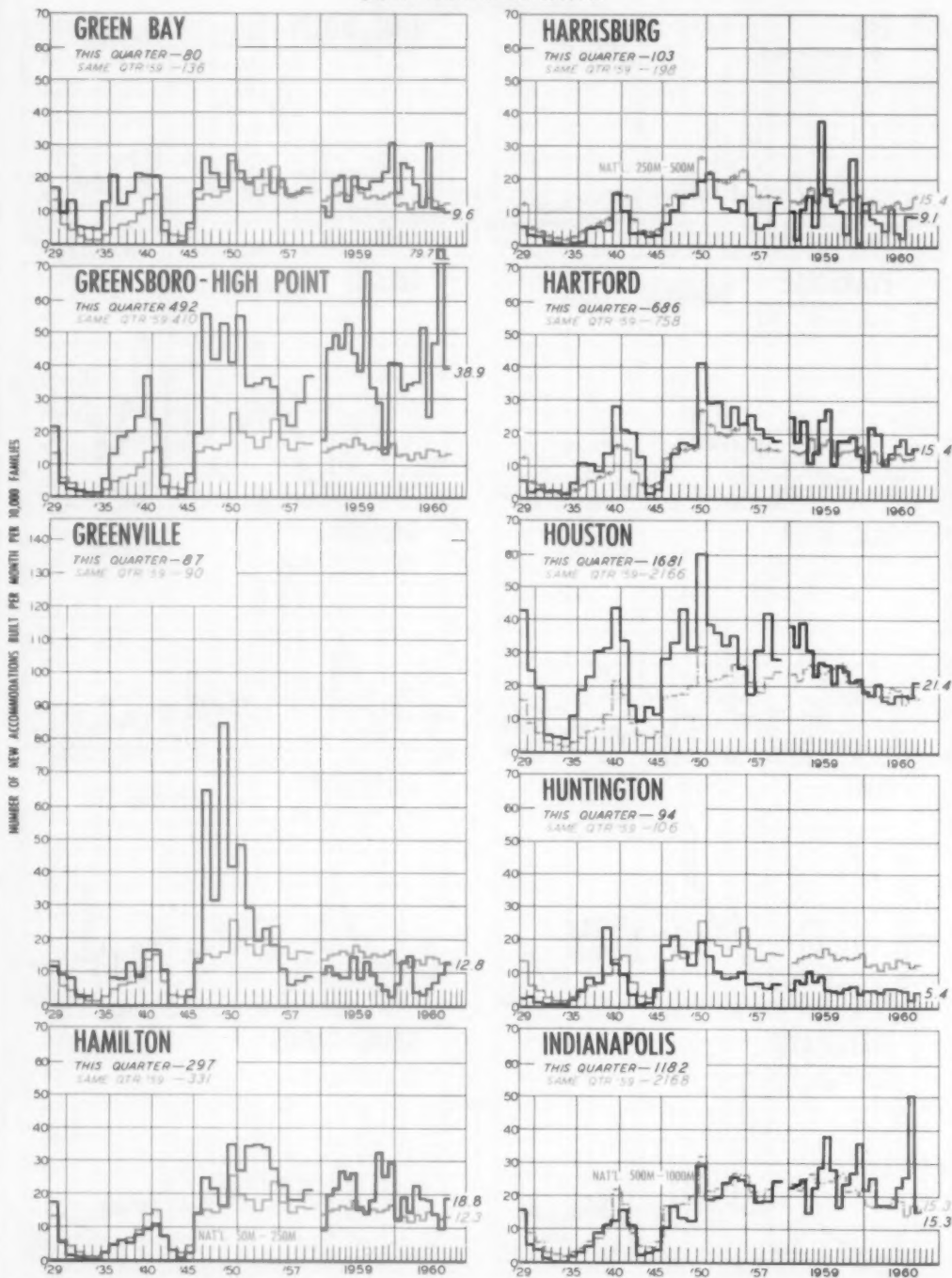
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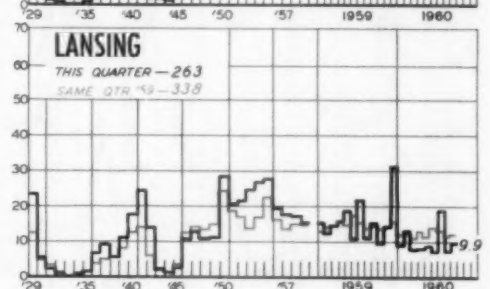
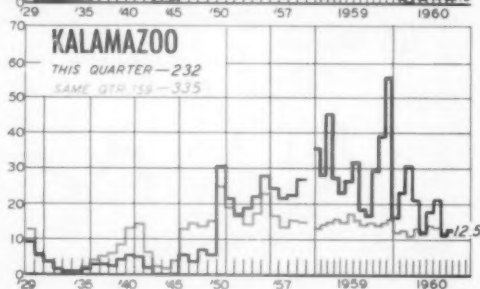
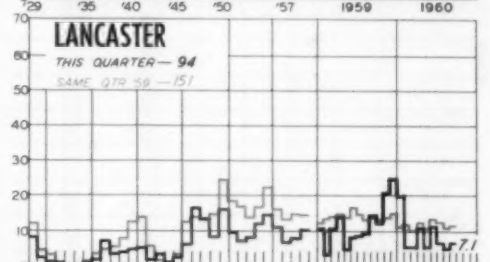
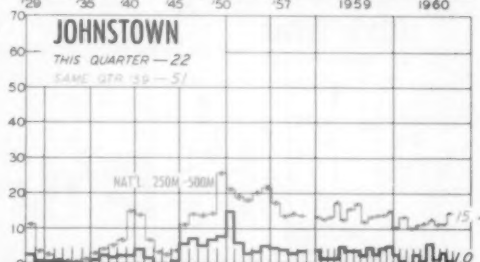
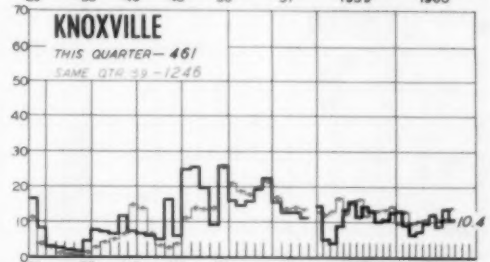
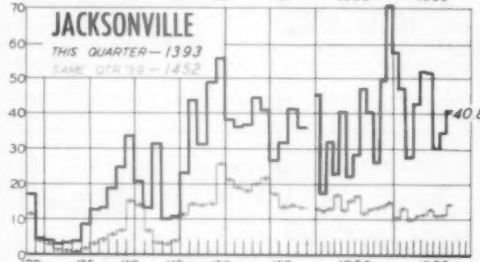
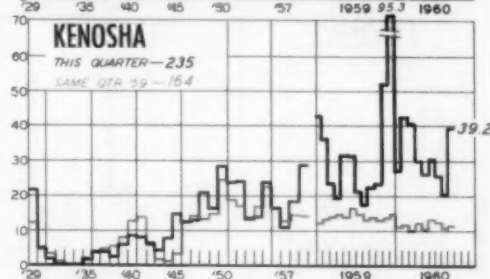
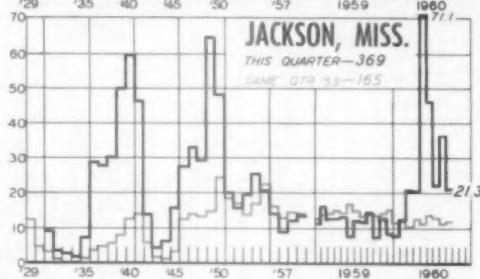
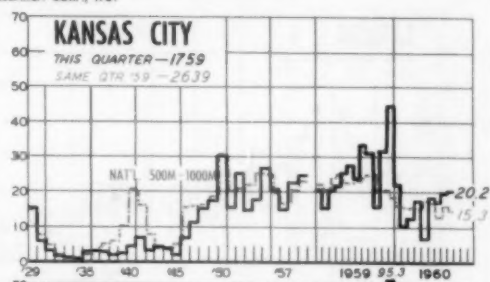
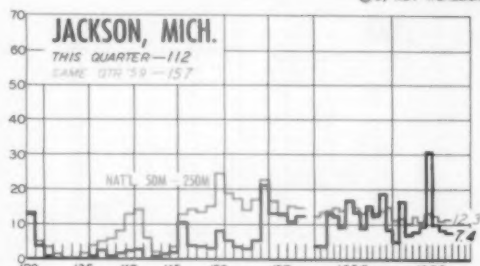
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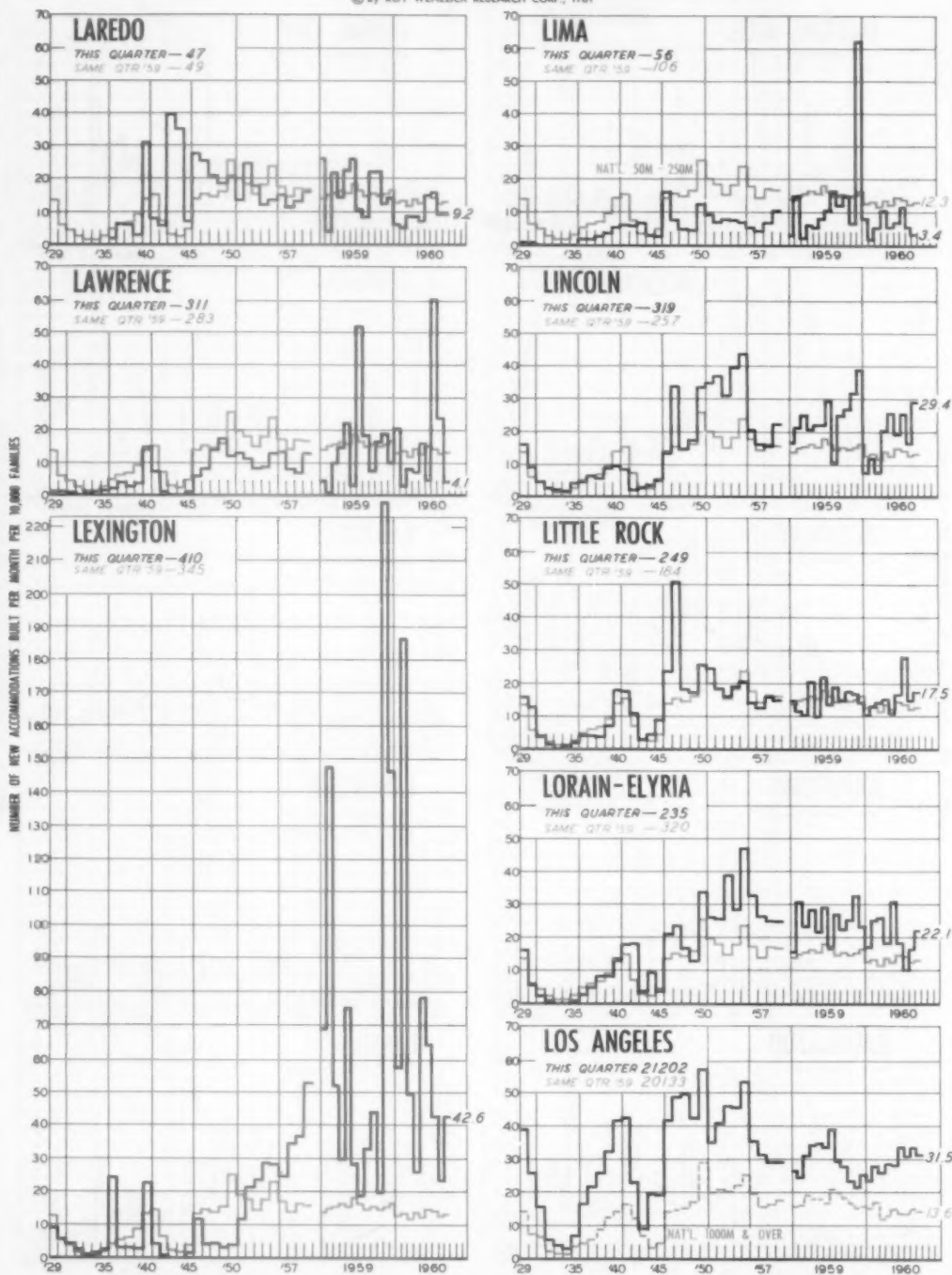
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



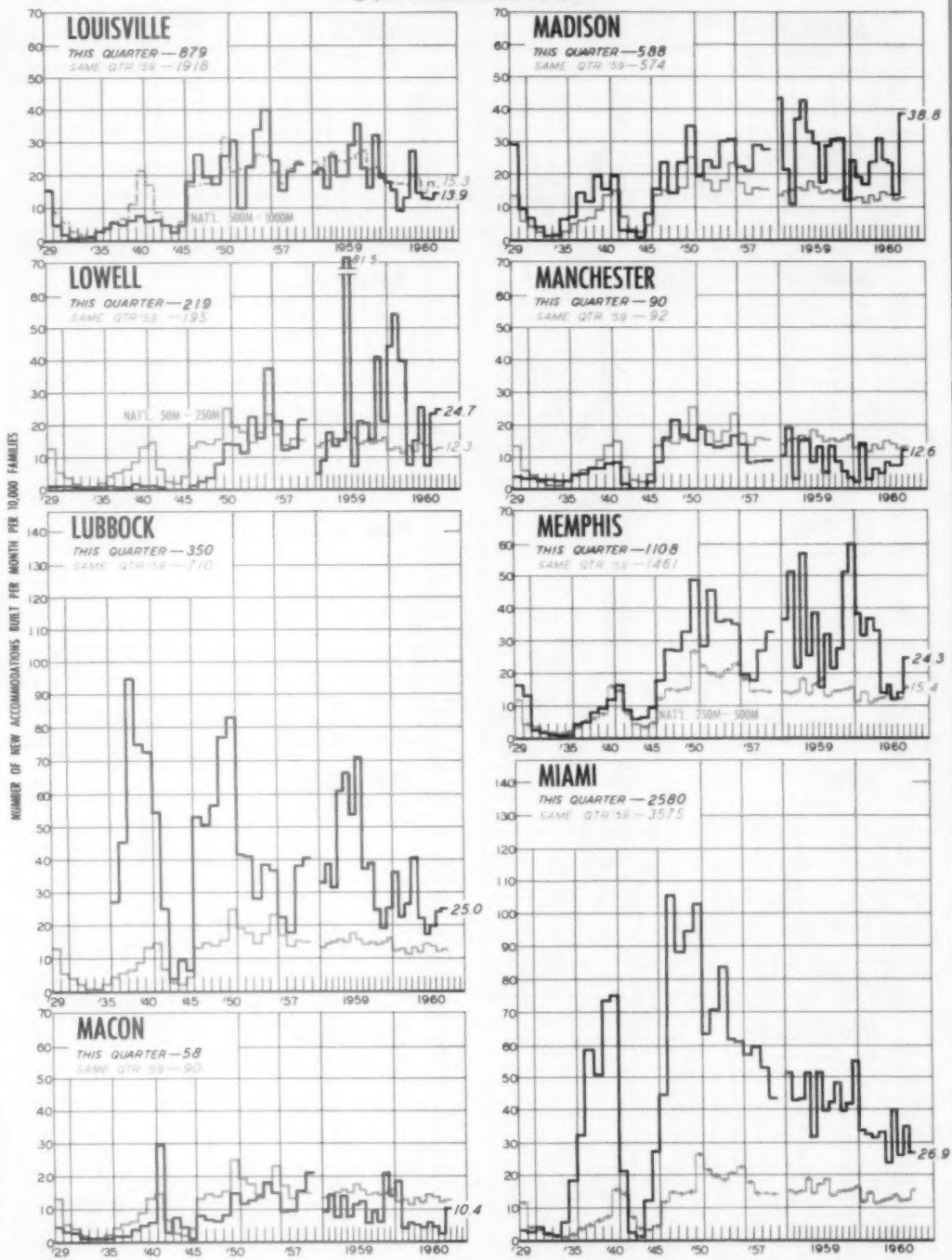
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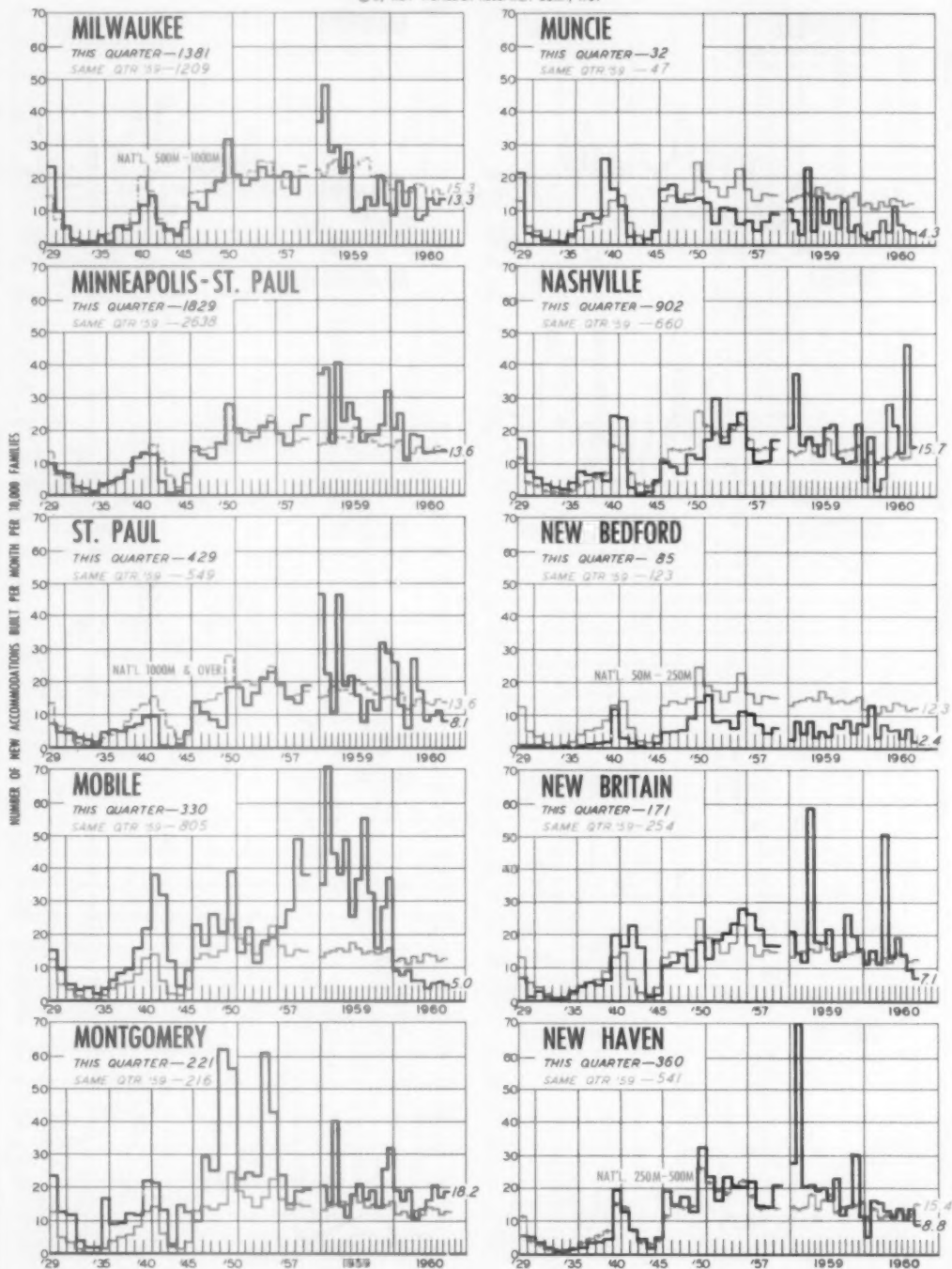
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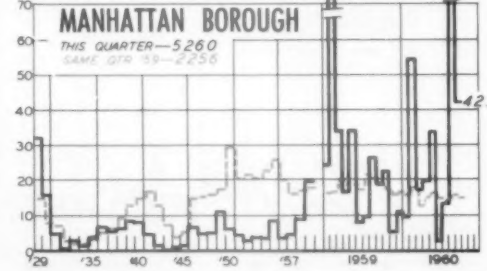
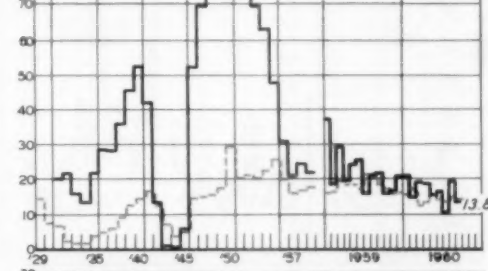
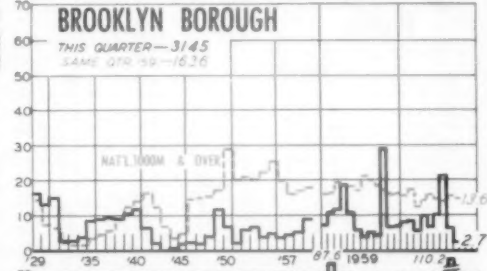
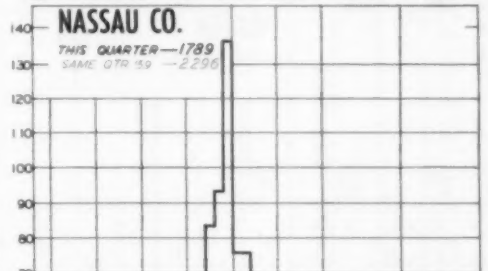
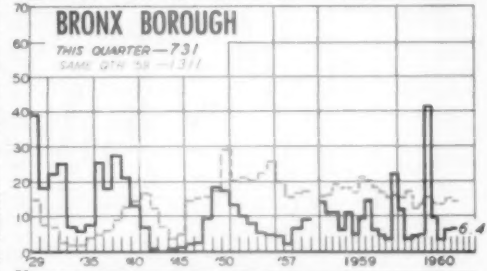
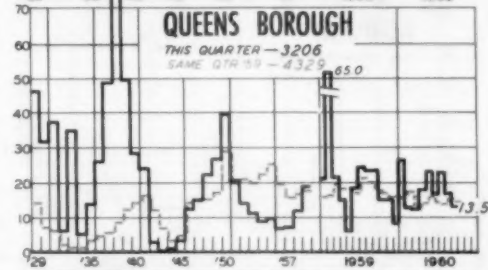
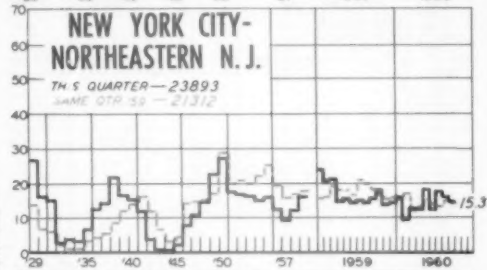
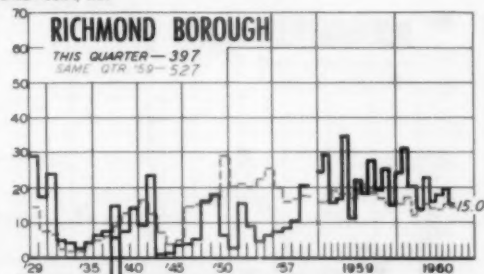
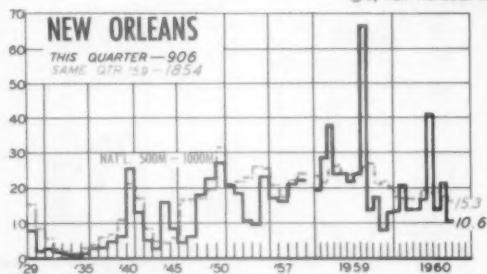
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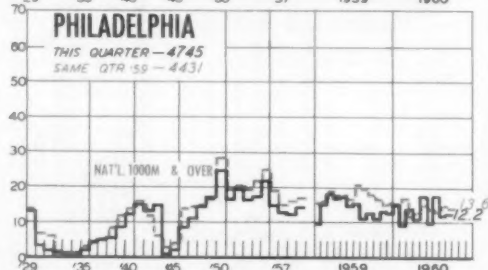
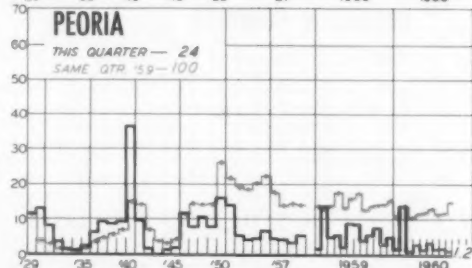
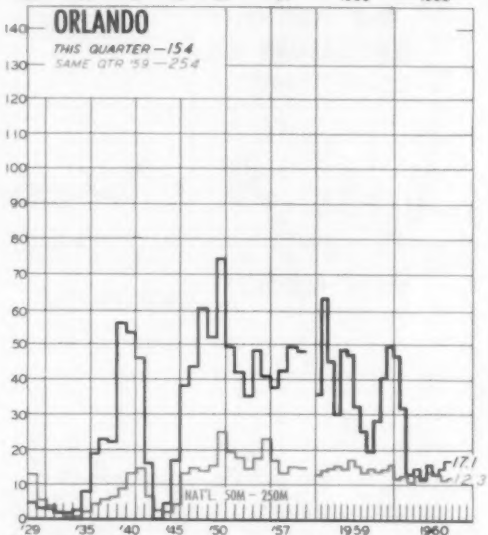
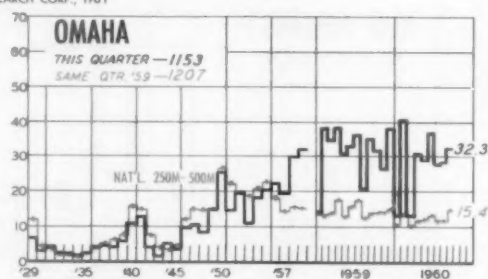
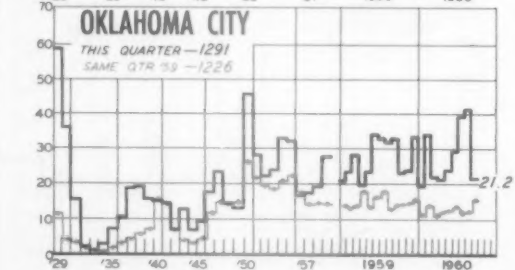
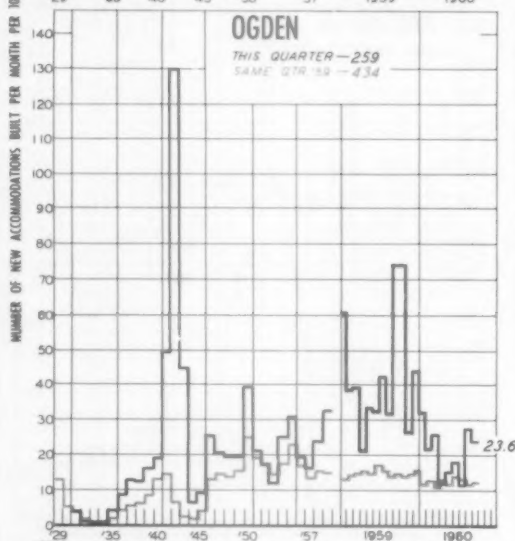
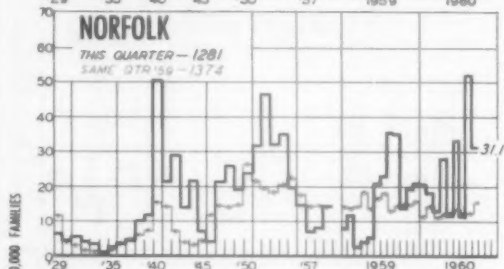
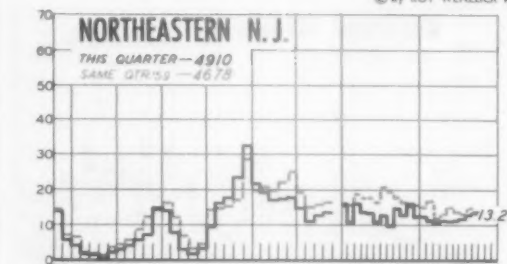
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



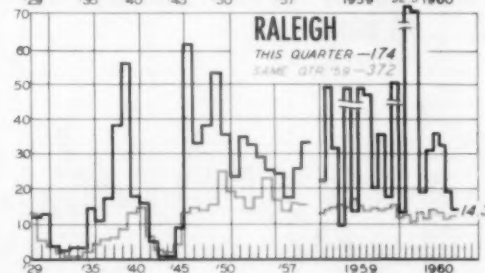
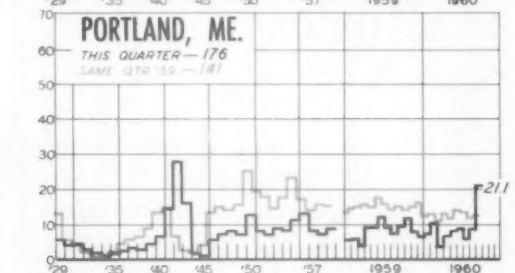
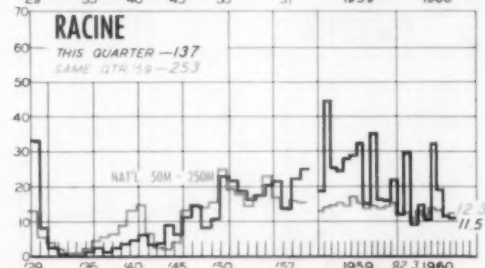
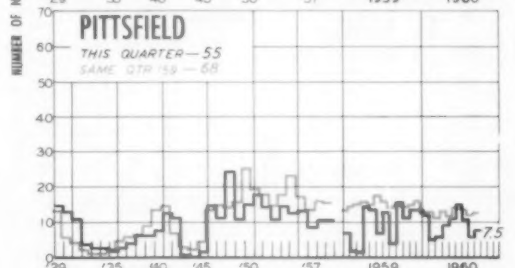
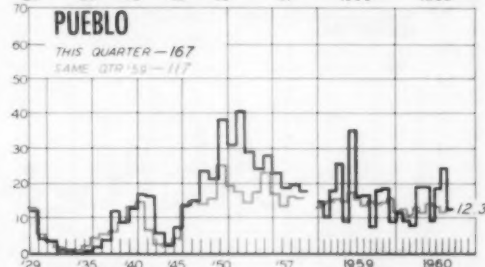
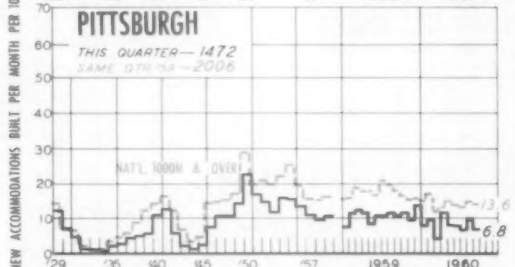
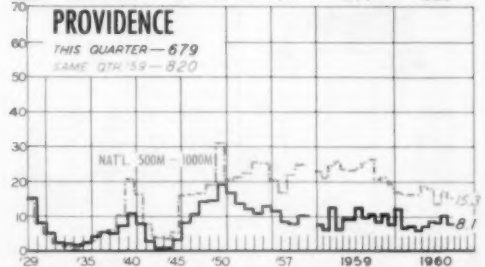
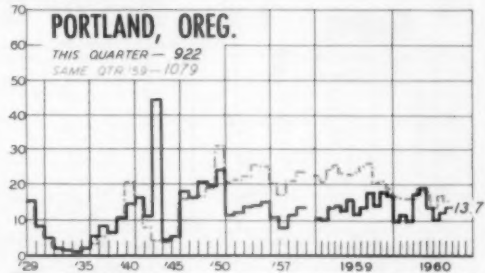
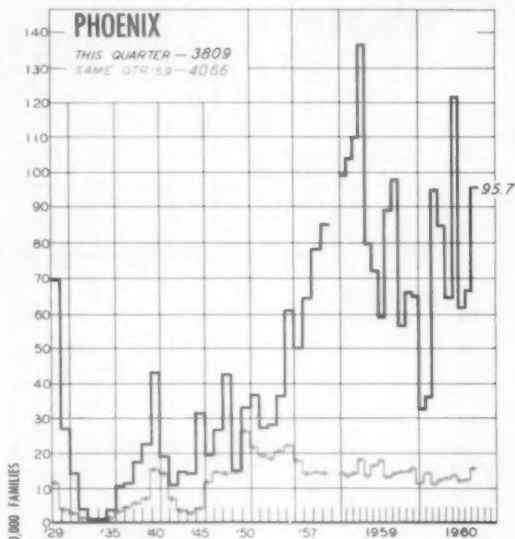
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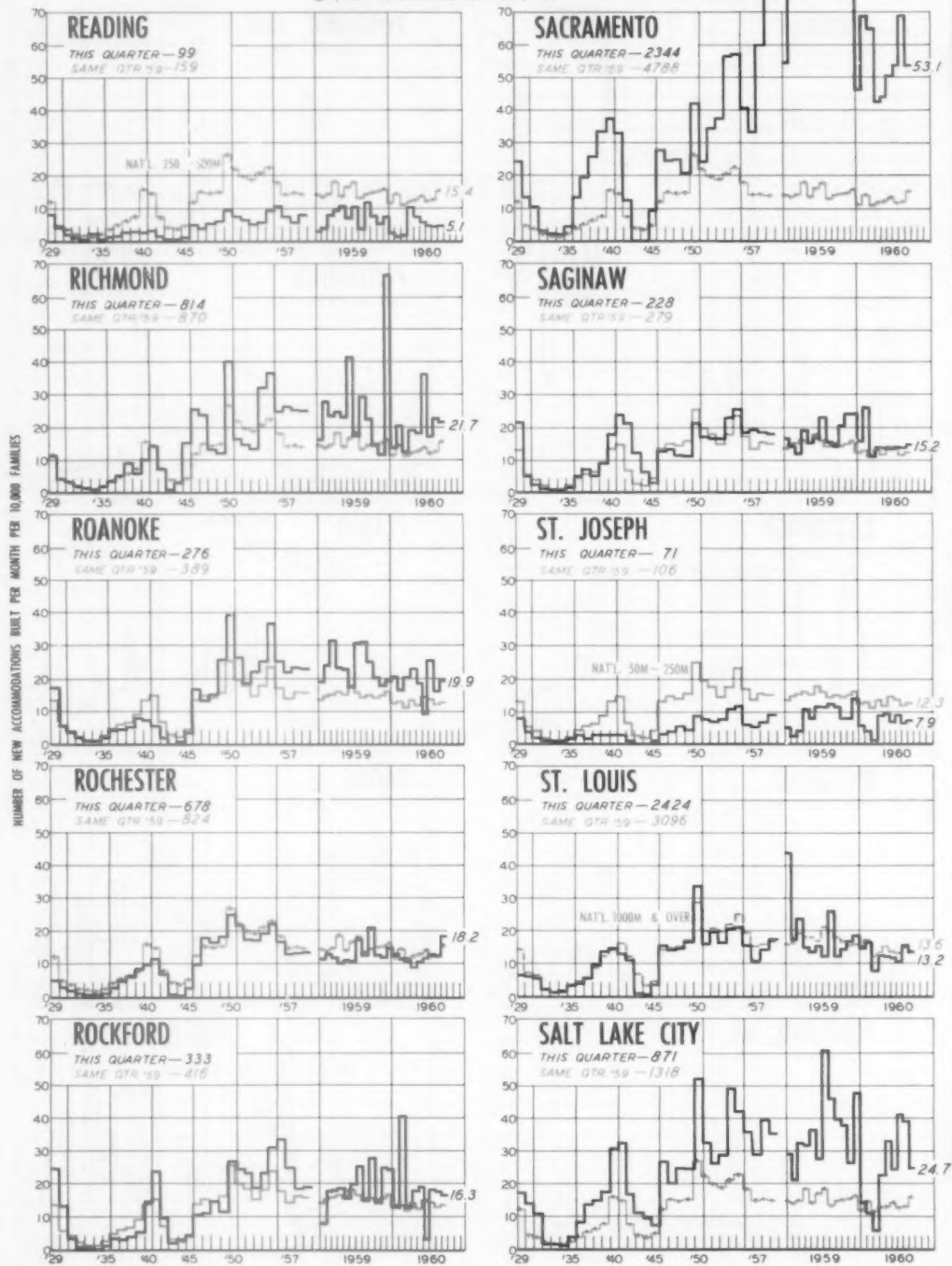
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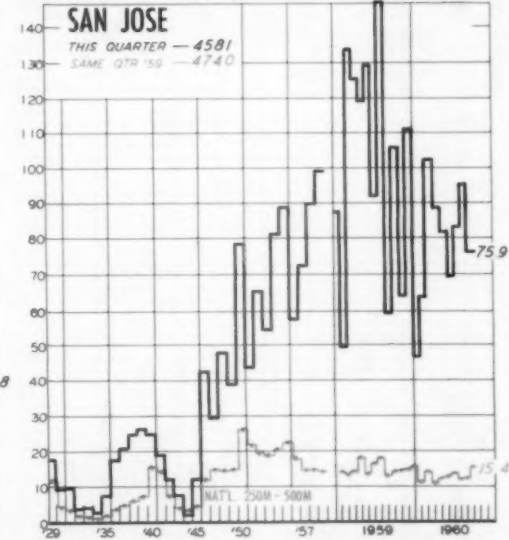
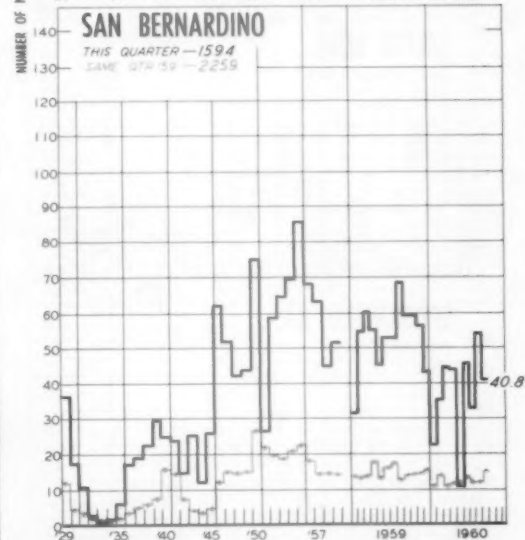
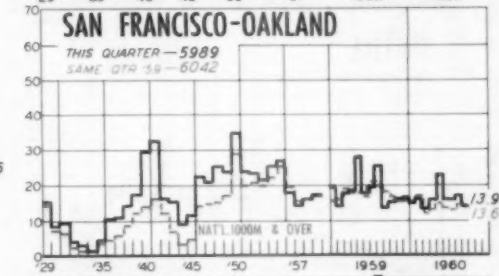
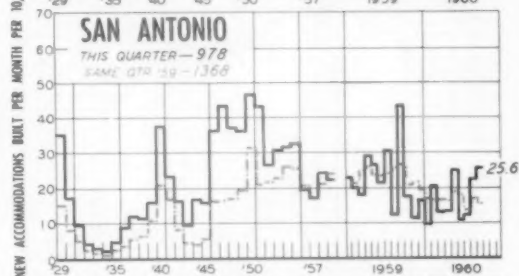
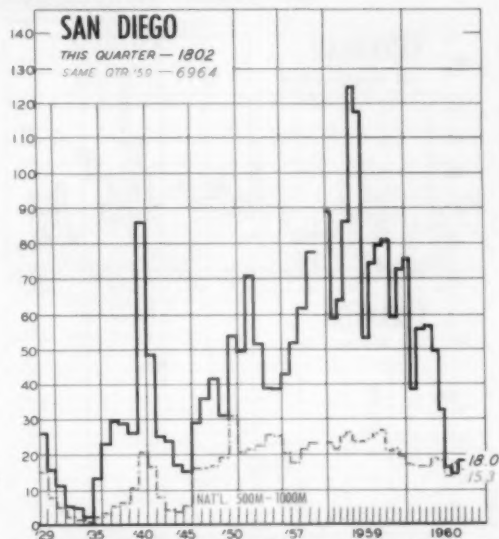
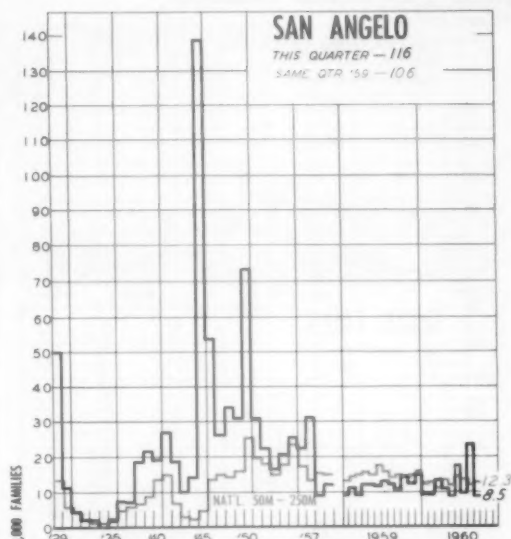
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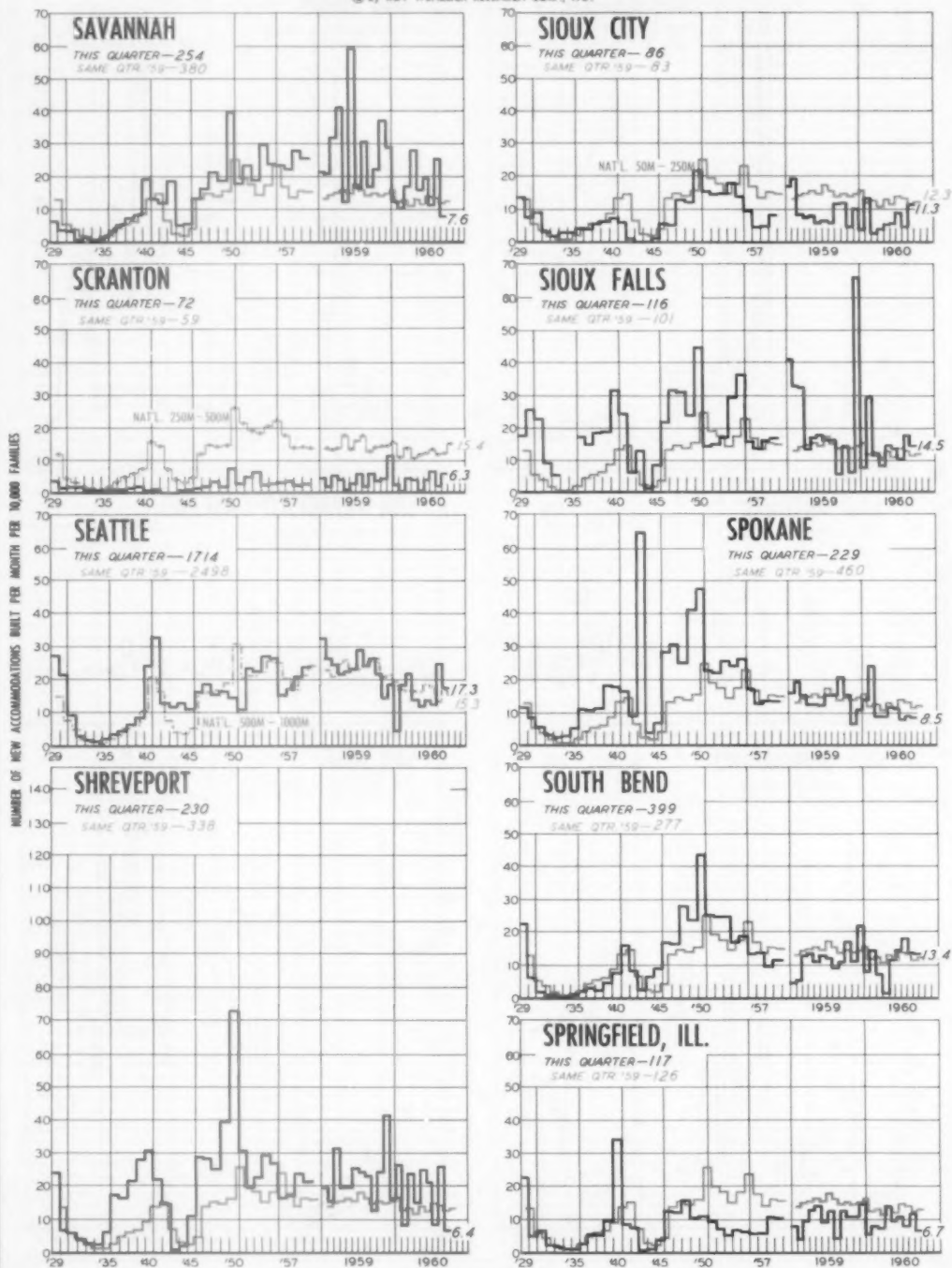
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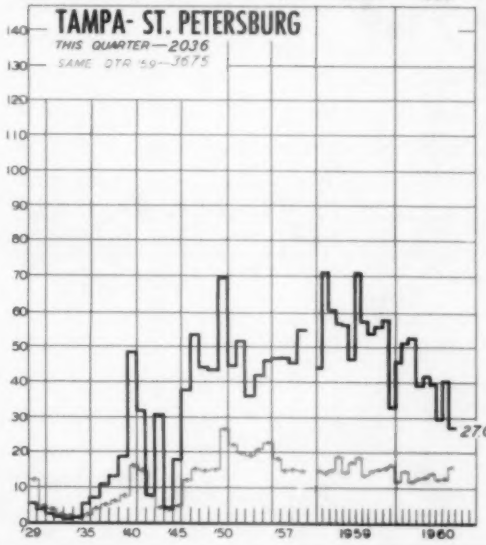
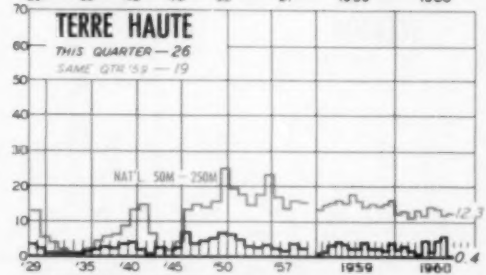
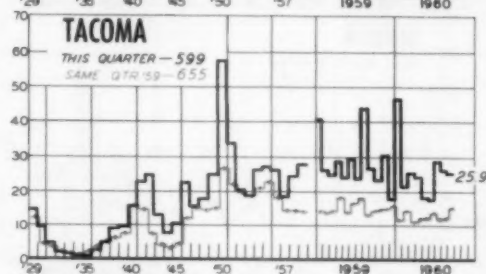
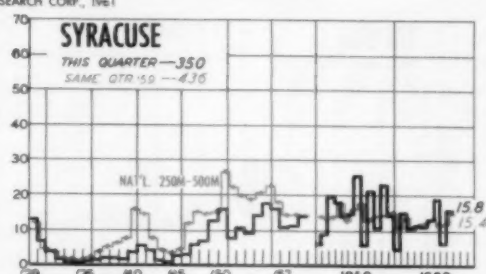
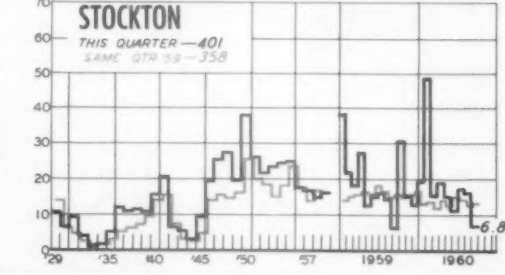
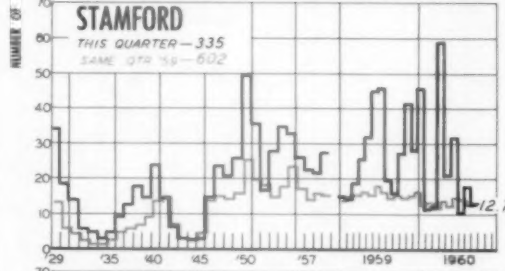
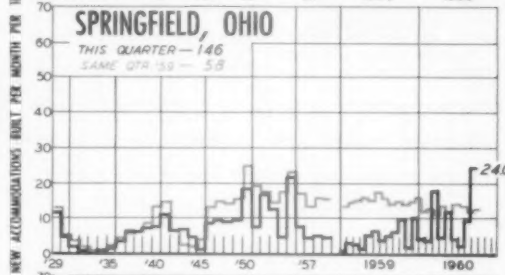
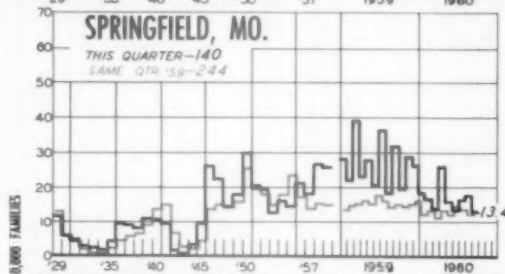
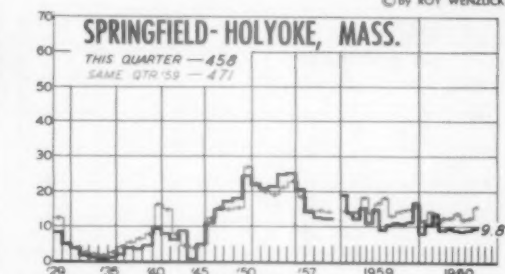
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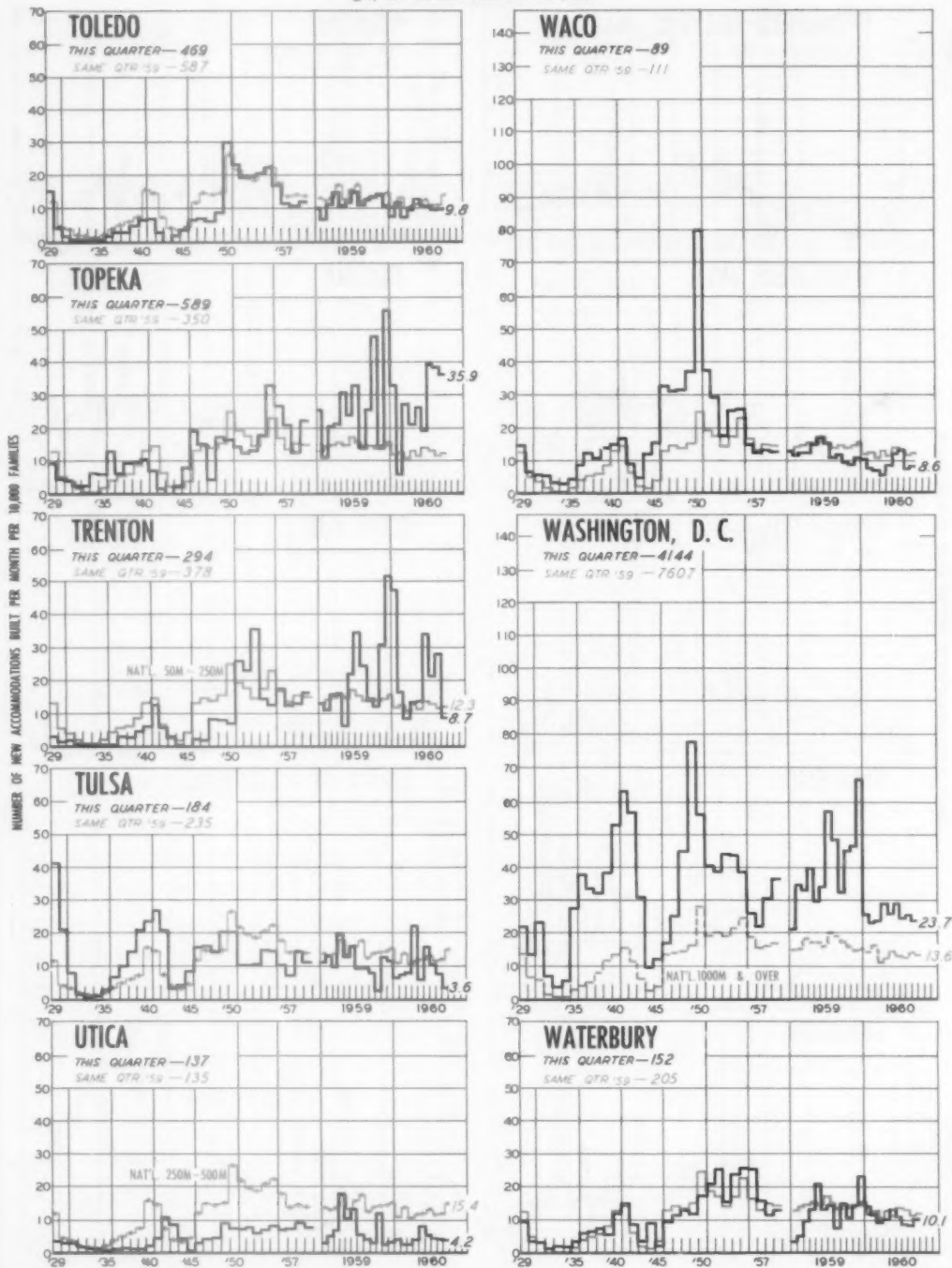
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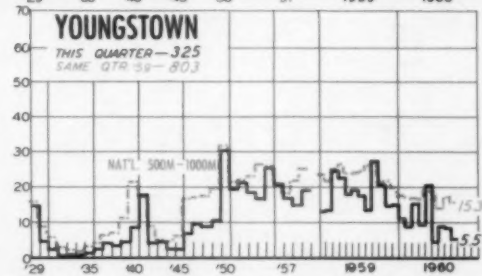
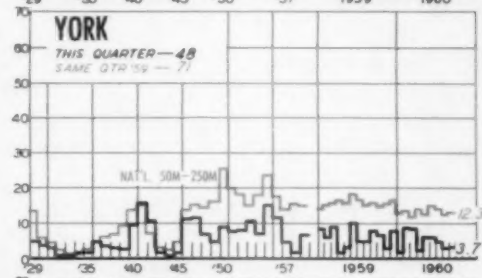
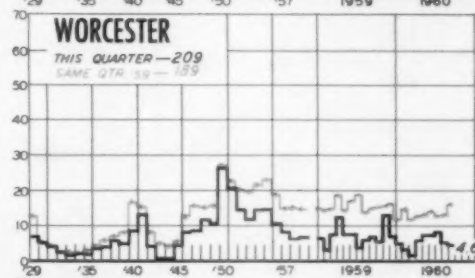
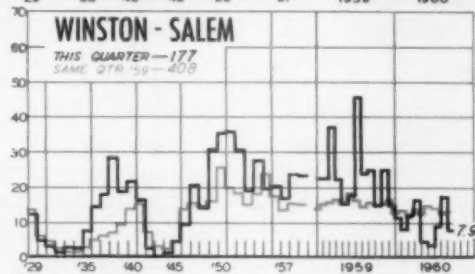
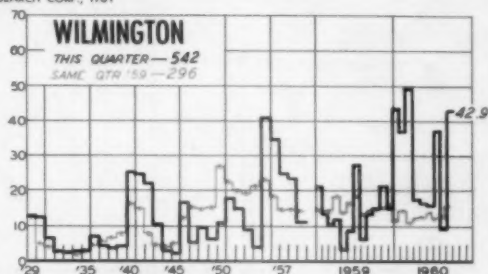
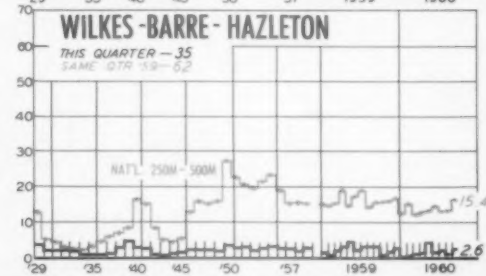
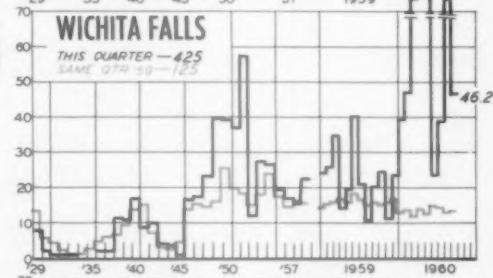
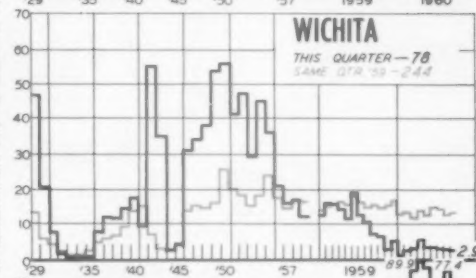
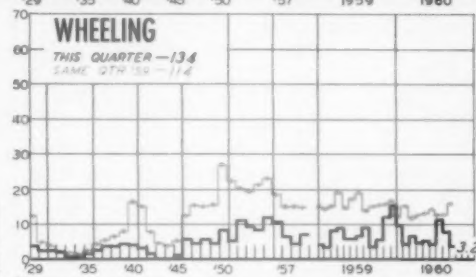
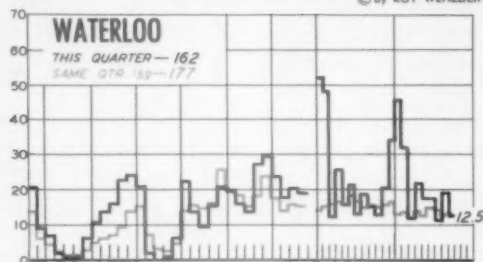
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NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



(cont. from page 41)

tions built during the first three quarters of 1960 compared with 1959. For example, 11 percent more new family accommodations were built during the first three quarters of 1960 than during the same period of 1959 in Denver, Colorado.

The population continues to increase so that a decline in the number of houses built means an even greater decline in the rate of new building. The chart on page 41 shows the average rate of house construction in metropolitan areas of different sizes. The charts on pages 44 through 63 compare the rates in each city with the average rate for all metropolitan areas of its size. A more detailed explanation of all the charts is found on page 43.

The table below shows the average number of new family accommodations per 10,000 families in metropolitan areas of different sizes. These are averages of the monthly figures charted on the front page. Metropolitan areas in the 500,000 to 1,000,000 class continue to show the highest rate of construction, in spite of the fact that these areas also have had the greatest percent decline in the rate of building. Areas with fewer than 250,000 people continue to show the smallest declines.

AVERAGE NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES
(First 9 Months)

Metropolitan Area Size (Population)	1959	1960	Percentage Change
1,000,000 & over	19.7	15.1	-23
500,000 to 1,000,000	29.0	20.3	-30
250,000 to 500,000	23.6	18.9	-20
Less than 250,000	18.6	15.6	-16

We are still of the opinion that, at the most, as many new family accommodations will be built during 1961 as were built in 1960. In spite of the increased availability of mortgage money, the average interest rate on recorded mortgages is still 6.191 percent compared with the high of 6.209 percent last June. During the fourth quarter the total number of dwelling units vacant and available for sale or for rent remained at 3.5 percent of all dwelling units. It was only 1.6 percent in 1950. While we do not as yet have a serious oversupply, we have no shortage to give a boost to the demand for new houses this year.

